6.0 Improvements in e-tendering procedure (Estimate preparation) for procurement of project items.

6.1 Brief Introduction:

A CTE-Type examination of e-tendering procedure adopted for procurement of items/equipment for Shipbuilding project, was conducted .

6.2 Background:

During the examination, it was observed that system generated price comparison chart invariably calculates all the BOQ serials and indicates the status of L1/L2/L3 etc. as per the grand total even though tender document clearly states that one of the BOQ serial is not to be considered for arriving at L1 status. Thus, the price comparison chart was prepared manually after exclusion of the particular BOQ serial for arriving at L1.

Further it was observed that the estimate was prepared based on the lowest budgetary quote (BQ) obtained from prospective vendors without taking into consideration the important commercial and financial terms & conditions. As a result, it so happened that the particular vendor was rejected during CNC as the delivery schedule was not acceptable to the user department & there was deviation in the Guarantee clause which was not in line with the tender terms. Thus, the price quoted by L1 firm was appeared to be on very much higher side as compared to estimated value.

6.3 Implementation:

The following Systemic improvements were suggested and suitable directives to this effect has been issued by CMD for compliance by all concerned.

a) The system generated price comparison chart needs to be updated in line with the tender conditions as the case may be for arriving at L1 /L2/L3 etc in order to avoid manual preparation of price comparison chart for the same.

b) Since the cost estimates are derived mainly based on the BQs obtained from the prospective vendors, such BQs be obtained in proper format indicating clearly the various commercial and financial terms & conditions particularly warranty and delivery terms etc. which are crucial for timely and contractually completion of the contract. In such cases where the BQs received from the firms do not meet such critical commercial terms & conditions, BQs obtained from such firms should not be considered for arriving at the estimated value.

6.4 Impact and Benefits:

With the implementation of the above suggested improvements, GSL will be able to arrive at more realistic estimated value for the tendering thus fetching better deal from the prospective vendors.